

## TAX CREDIT ANALYSIS

<b>Program Name:</b> Business Use Incentives for Large-scale Development (BUILD)		
<b>Department:</b> Economic Development	<b>Contact Name &amp; No.:</b> Krystal Davis 751-8479	<b>Date:</b> October 2011
<b>Program Category:</b> Business Recruitment	<b>Type:</b> Tax Credit <input checked="" type="checkbox"/> Other (specify) _____	
<b>Statutory Authority:</b> 100.700 - 100.850, RSMo	<b>Applicable Taxes:</b> Income Tax; Bank Tax; Insurance Premium Tax; Other Financial Institution Tax	

### Program Description and Eligibility Requirements:

The incentives offered by the BUILD Missouri Program are designed to offset infrastructure and other capital costs of certain large projects by making the cost of investing in Missouri more competitive. The costs are financed through the issuance by the Board of certificates (bonds or notes) the principal and interest on which will be repaid by the business. Businesses are then reimbursed for these repayments through the issuance by the Board of Missouri State income tax credits. The businesses may use these credits against taxes, which would otherwise be due, or to obtain a refund if the business has no Missouri income tax liability. All businesses that manufacture, process (including agricultural processing) or assemble products are eligible. Businesses that conduct research and development or provide services in interstate commerce are also eligible. Certain office industries are also eligible. A manufacturing business must invest a minimum of \$15 million and 100 new jobs. An office business must invest a minimum of \$10 million and 500 jobs. There are other factors.

### Explanation of How Award is Computed:

Entitlement \_\_\_\_\_ Discretionary ☒

The award is computed based on principal, interest and board fees annually and limited to be no more than 5% of gross wages of each eligible employee whose job was created as a result of the project.

**Program Cap:** Cumulative \$ \_\_\_\_\_ (remainder of cumulative cap) \$ \_\_\_\_\_ Annual \$ 25 million None \_\_\_\_\_

### Explanation of cap:

Aggregate amount of debt reduction assessments of all companies with bonds outstanding and still active shall not exceed \$25 million annually.

### Explanation of Expiration of Authority:

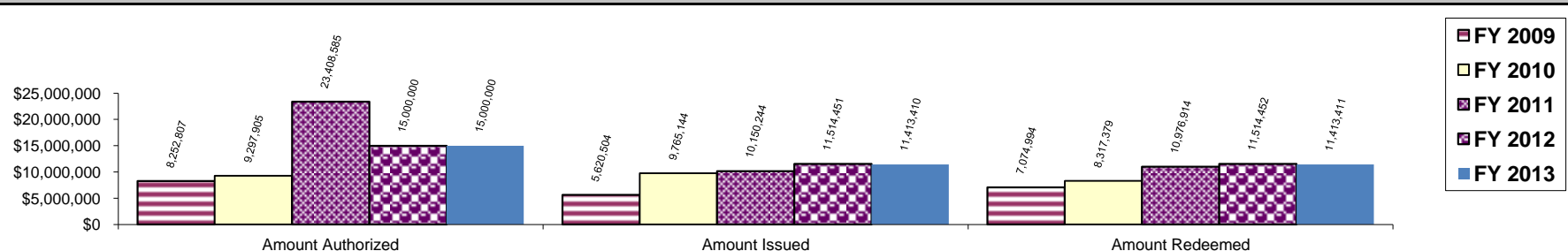
### Specific Provisions: (if applicable)

Carry forward \_\_\_\_\_ years Carry Back \_\_\_\_\_ years Refundable ☒ Sellable/Assignable \_\_\_\_\_ Additional Federal Deductions Available \_\_\_\_\_

### Comments on Specific Provisions:

	FY 2009 ACTUAL	FY 2010 ACTUAL	FY 2011 ACTUAL	FY 2012 (current year)	FY 2013 (budget year)
Certificates Issued (#)	23	33	26	36	35
Projects (#)	23	33	26	36	35
Amount Authorized	\$8,252,807	\$9,297,905	\$23,408,585	\$15,000,000	\$15,000,000
Amount Issued	\$5,620,504	\$9,765,144	\$10,150,244	\$11,514,451	\$11,413,410
Amount Redeemed	\$7,074,994	\$8,317,379	\$10,976,914	\$11,514,452	\$11,413,411
EST. Amount Outstanding	N/A	N/A	\$1,357,555	N/A	N/A
EST. Amount Authorized but Unissued	N/A	N/A	\$90,111,851	N/A	N/A

### HISTORICAL AND PROJECTED INFORMATION



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**Comments on Historical and Projected Information:**

### BENEFIT: COST ANALYSIS (includes only state revenue impacts)

	FY 2011 ACTUAL	Other Fiscal Period (15 years)	<b>Derivation of Benefits:</b> Investment: (a) \$298 million in non-residential spending in 2011, (b) \$13.3 million in durable equipment spending in 2011. Employment: (a) 1,410 new jobs ramped up over three years (0 displaced) in securities, insurance, electrical equipment manufacturing, and transportation equipment manufacturing at specified wages in 2011-2025. Other Assumptions: (a) real wage growth begins in 2012. Incentives/Credits: (a) \$23,408,585 in authorized BUILD credits, redeemed between 2011-2025
<b>BENEFITS</b>			
Direct Fiscal Benefits	\$4,944,253	\$53,742,745	
Indirect Fiscal Benefits	\$2,353,426	\$25,581,133	
<b>Total</b>	\$7,297,679	\$79,323,878	
<b>COSTS</b>			
Direct Fiscal Costs	\$1,560,572	\$19,790,715	
Indirect Fiscal Costs			
<b>Total</b>	\$1,560,572	\$19,790,715	
<b>BENEFIT: COST</b>	<b>4.68</b>	<b>4.01</b>	

**In FY 2011, every dollar of authorized program tax credits returns**

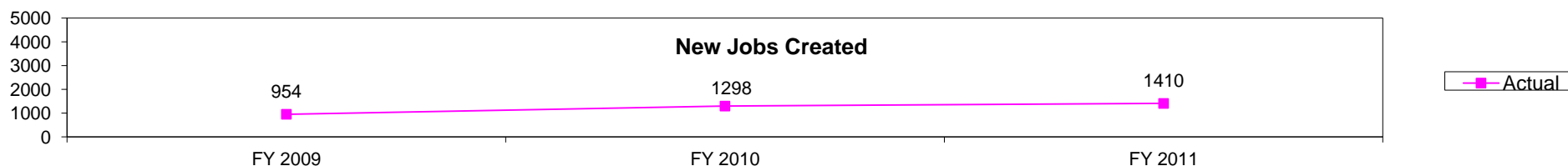
\$ 97.84 in new personal income totaling \$152.68 million  
 \$159.44 in new value-added/GSP totaling \$248.82 million  
 \$279.00 in new economic output totaling \$435.39 million

**Over 15 YEARS, every dollar of auth orized program tax credits returns**

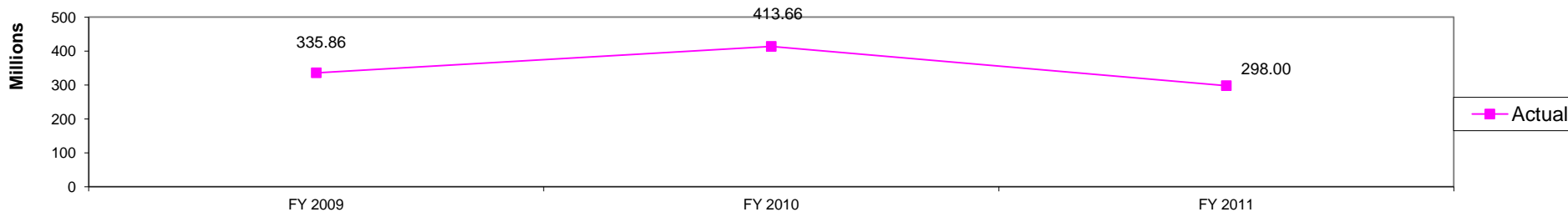
\$112.31 in new personal income totaling \$2,222.76 million  
 \$177.10 in new value-added/ GSP totaling \$3,504.98 million  
 \$313.83 in new economic output totaling \$6,210.92 million

### PERFORMANCE MEASURE(S)

#### New Jobs Created



#### Investment



**Comments on Performance Measure:**